



**HF 665** – Categorical Supplemental State Aid FY 2017 (LSB2680HV)

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Fiscal Note Version – New

### **Description**

**House File 665** requires a 2.00% State percent of growth rate to be applied to each of the State categorical cost per pupil amounts for FY 2017.

### **Background**

The State cost per pupil amounts in FY 2017 will depend on the growth rate established for FY 2016. The table below assumes a 1.25% growth rate for FY 2016 that is included in **SF 172** as amended by **H-1010** (State Categorical Supplemental State Aid FY 2016). The State categorical supplements are funded entirely through State aid and generate funds for each school district and area education agency (AEA) through the school aid formula on a per pupil basis. The FY 2016 State cost per pupil funding levels for the teacher salary supplement (district and AEA), professional development supplement (district and AEA), and early intervention supplement (district only) will be increased by a 2.00% State percent of growth for FY 2017. Additionally, FY 2017 will be the second year that the teacher leadership supplement (TLS) for the Teacher Leadership and Compensation System, will be included in the school aid formula to provide funding to approximately two-thirds of the students statewide. The following table provides the per pupil growth amounts and State cost per pupil amounts for FY 2017 based on **SF 172** as amended by **H-1010** and **HF 665**.

State Categorical Supplements	FY 2015 State Cost Per Pupil Amount	FY 2016 State Percent of Growth	Supplemental State Aid	FY 2016 State Cost Per Pupil	FY 2017 State Percent of Growth	Supplemental State Aid	FY 2017 State Cost Per Pupil
Teacher Salary - Districts	\$ 548.61	1.25%	\$ 6.86	\$ 555.47	2.00%	\$ 11.11	\$ 566.58
Professional Development - Districts	62.18	1.25%	0.78	62.96	2.00%	1.26	64.22
Early Intervention	67.68	1.25%	0.85	68.53	2.00%	1.37	69.90
Teacher Leadership	308.82	1.25%	3.86	312.68	2.00%	6.25	318.93
Teacher Salary - AEAs	28.71	1.25%	0.36	29.07	2.00%	0.58	29.65
Professional Development - AEAs	3.35	1.25%	0.04	3.39	2.00%	0.07	3.46

Additionally, there is a budget guarantee provision for each of the State categorical supplements that provides each district and AEA with a minimum of the previous fiscal year's level of funding (net of the previous year's budget guarantee amount). This provision for the State categorical supplements is funded entirely through State aid.

### **Assumptions**

Estimates are based on Department of Education enrollment projections for FY 2017 and a 1.00% increase in special education weightings compared to FY 2016.

### **Fiscal Impact**

The estimated total fiscal impact of **HF 665**, including the provisions in **SF 172** as amended by **H-1010**, will be a General Fund expenditure of \$459.0 million to fund the FY 2017 State categorical supplement amounts. This is an increase of \$60.8 million (15.3%) compared to

estimated FY 2016. This estimate includes \$102.7 million for the teacher leadership supplement (TLS) for FY 2017.

The following table provides the detail of the funding levels for each of the State categorical supplements.

<b>Estimated Funding Levels - HF 665</b>				
	<b>District Amount FY 2017</b>	<b>AEA Amount FY 2017</b>	<b>Total Amount FY 2017</b>	<b>FY 2017 vs. FY 2016 vs.</b>
<b>Teacher Salary Supplement</b>				
Unadjusted Amount - District	\$ 272,903,947	\$ 15,344,994	\$ 288,248,941	
Budget Guarantee Amount - District	1,313,669	58,165	1,371,834	
<b>Total Amount - District</b>	<b>\$ 274,217,616</b>	<b>\$ 15,403,159</b>	<b>\$ 289,620,775</b>	<b>\$ 6,753,158</b>
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<b>Professional Development</b>				
Unadjusted Amount - District	\$ 30,939,391	\$ 1,796,158	\$ 32,735,549	
Budget Guarantee Amount - District	139,355	6,395	145,750	
<b>Total Amount - District</b>	<b>\$ 31,078,746</b>	<b>\$ 1,802,553</b>	<b>\$ 32,881,299</b>	<b>\$ 771,639</b>
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<b>Early Intervention Supplement</b>				
Unadjusted Amount	\$ 33,676,115	NA	\$ 33,676,115	
Budget Guarantee Amount	144,111	NA	144,111	
<b>Total Amount</b>	<b>\$ 33,820,226</b>	<b>NA</b>	<b>\$ 33,820,226</b>	<b>\$ 792,361</b>
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<b>Teacher Leadership Supplement</b>				
Unadjusted Amount	\$ 102,643,886	NA	\$ 102,643,886	
Budget Guarantee Amount	38,949	NA	38,949	
<b>Total Amount</b>	<b>\$ 102,682,835</b>	<b>NA</b>	<b>\$ 102,682,835</b>	<b>\$ 52,523,768</b>
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<b>All State Categorical Supplements</b>				
Total Unadjusted Amount	\$ 440,163,339	\$ 17,141,152	\$ 457,304,491	
Total Budget Guarantee Amount	1,636,084	64,560	1,700,644	
<b>Total State Categorical Supplement</b>	<b>\$ 441,799,423</b>	<b>\$ 17,205,712</b>	<b>\$ 459,005,135</b>	<b>\$ 60,840,926</b>
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Note:	Contact the LSA for more information			

### **Sources**

Iowa Department of Education, Certified Enrollment file and Enrollment Projections file  
 Iowa Department of Management, School Aid file  
 LSA analysis and calculations

/s/ Holly M. Lyons

May 26, 2015

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.